simplest and cleanest way of bringing about this reduction in buying power on the part of the ordinary citizen which has been shown to be necessary for the purposes of war finance ? Clearly the best way of doing it is by taxation equitably imposed. When the State taxes, it says in effect to the citizens, " Your country needs certain goods and services, you therefore will have to go without those goods and services, and the simplest way to make you do this is to take away your money and so ration your buying power. Whatever is needed for the Army and Navy will be taken away from you by taxation, and the result of this will be that, instead of your indulging in comforts and luxuries, to the extent of the war's needs the Government will use your money for paying for what is needed for the Army and Navy."

If such a policy had been carried out the cost of the war to the community would have been enormously cheapened. There need have been no general rise in prices because there would have been no increase in demand for goods and services. Anything that the Government spent would have been counter-balanced by decreased spending by the individual; any work that the Government needed for the war would have been counter-balanced by a reduction in demand for work on the part of individual citizens. There would have

been no multiplication of currency owing to enormous credits raised by the Government; there would have been merely a transfer of buying power from individuals to the State. The process would have been gradual,